

## **S CORPORATION APPORTIONMENT CREDIT EXPANDED TO ESTATES AND TRUSTS**

### **Prior Law**\_\_\_\_\_

An S Corporation Apportionment Credit is available to resident shareholders of S corporations which carry on business within and without Iowa. The S corporation apportionment credit is computed on Form IA 134. In essence, resident shareholders who elect to claim the S Corporation Apportionment Credit are taxed on the amount of distributions received from the S corporation less federal income taxes paid, or the income earned by the S corporation based on the ratio of Iowa sales divided by total sales, whichever was the greater. Even though estates and trusts can be shareholders in S corporations, estates and trusts are not eligible to claim the S Corporation Apportionment Credit.

### **New Provisions**\_\_\_\_\_

The S Corporation Apportionment Credit is now available to estates and trusts with a situs in Iowa which is a shareholder in an S corporation that does business within and without Iowa. The Credit is still claimed on form IA 134, and can now be reflected on an Iowa fiduciary return, form IA 1041.

### **Section Amended**\_\_\_\_\_

Section 120 of 2013 Iowa Acts, Senate File 452 amends section 422.5, subsection 1, paragraph j, subparagraph (2), subparagraph division (1), Code 2013. Section 121 amends section 422.8, subsection 2, paragraph b, unnumbered paragraph, 1, Code 2013.

### **Effective Date**\_\_\_\_\_

Retroactive to January 1, 2013, for tax years beginning on or after that date.